## GOVERNOR'S MESSAGE.

(SUPPLEMENT.)

## THE GOVERNOR'S MESSAGE.

The following is the message of Governor Kemper, presented to the General Assembly on Wednesday, December 5, 1877:

COMMONWEALTH OF VIRGINIA, ) GOVERNOR'S OFFICE, RICHMOND, 5th December, 1877.

Gentlemen of the Senate and House of Delegates: On the eve of laying down the powers of this department, I greet a Legislature which comes into being to-day at the bidding of the sovereign people. Performing

for the last time the duty enjoined by the Constitution of communicating to the General Assembly the condition of the Commonwealth, I embody the results of four years of observation and experience in the administration of the government. It is cause for profound congratulation that the worst evils possible to befall the State from any human source have been

successfully tided over. We cannot resist the evidence that the future of Virginia is full of hope; for we are taught by the trials already endured and overcome that no only are we able to deal successfully with the financial difficulties which confront us but this generation will be false to itself it it does not more than replace the prosperity and the political power of our fathers. Nevertheless, in order to understand and

to redress existing evils, it is required that irm hands shall explore their origin and measure their limits.

After Virginia, more than any other State had borne the burthens and ravages of the most tremendous war of modern times; after having passed through the vet longer reconstruction, so called, this Commonwealth finally received other and only less crievous injuries in the house of its

It is true that when the reign of the sword was withdrawn the State was left crippled and impoverished, but it was not without resources adequate to every end of just and economical government. On the 6th day of July, 1869, the political restoration of Virginia was finally and thoroughly consummated by the conservative wisdom and virtue of the people in expurgating and accepting a Constitution which, however otherwise obnoxious, yet restored to themselves the control of their own government. Nothing remained to be done but. by the stern husbandry of our straitened resources and by a firm adherence to the ustice, moderation, and frugality enjoined by the example of our ancestors, to ensure the gradual recovery of the material prosperity we had lost. But instead of the honored traditional ways being regarded, new and disastrous policies were sought to be fastened upon the Commonwealth.

In the works of internal improvement, constituting almost the whole consideration of the public debt, Virginia had preserved very large and valuable interests. Had these great properties of the State been husbanded with ordinary prudence they would have sufficed ultimately to extinguish a very large part of the existing debt. But the policy prevailed of divorcing the government from the control of the public orks. These all-important interests were sold or encumbered, or otherwise disposed disastrous result is that the main arteries of internal commerce have been surrendered to a control which is alien if not unfriendly to the development of our own marts of

from a new adjustment of the public debt which deprived the State of all control over a large proportion of its annual revenues for more than the period of the present generation. After the war, and prior to the passage of the funding bill; the Legislature had in successive acts recognized the obligation of the debt and plighted the public faith for its redemption. But nothing had been done which countenanced the policy of bargaining off the future revenues of the State and subjecting the maintenance of the government in any degree to the mercy of bonded creditors. No call from the people at home, no pressure from creditors abroad, necessitated or justified or suggested such a settlement. Up to that time nothing but sympathy and good-will had marked the relations of the bondholders to this Commonwealth: the enactment of the funding bill was a surprise no less to them ter for all parties concerned in the debt of Virginia could then have been easily and honorably procured. Although the proporput beyond the proper control of the State y the original contract of the funding bill was very much less than that contemplated and proposed by its projectors; although the operation of the bill was to some extent arrested by subsequent legislation, and the amount of revenues which it diverted from the treasury thus materially diminished; and although the subsequent rate of taxation has been greater by twenty per centum than that which the authors of the bill declared to be sufficient for carrying on the government and for paying, at the same time, full interest on the whole of the antebellum debt, then amounting to more than forty-five millions of dollars; notwithstanding these measures of partial relief from the intolerable hardships thus sought to be inflieted upon the government, nothing less than extraordinary caution, economy, and vigilance have sufficed to meet current exenses, to enforce the laws, and to hold so-

In addition to this heritage of troubles transmitted to us by our predecessors, other suses have supervened to embarrass the tary collapse settled down upon the business of the general country, and its disastrous pressure was felt throughout the civilized world. In our own midst it impaired public and private confidence and redit; it shrank all taxable values; it peked up the local circulating medium, which even theretofore had been inadequate and seanty; it increased the hardships of taxation and hindered the collection of faxes; it inevitably postponed the financial restoration of the State, and for a time it edoubled the difficulty of carrying on the government.

In fairly estimating these accumulated difficulties from within and without we have a right to rejoice that Virginia has Struggled successfully through them all. I peak advisedly and deliberately in affirming that the worst is over. For more than year the great monetary panic has been tendily and visibly receding. The taxable talues and annual revenues give every mit, the public expenditures have been corspondingly reduced. During the last four years not only have the public schools and charities been maintained, law and order upheld, and the authority of the government preserved in its vigor, but the sum of \$5,275,953,42 has been paid on account of nterest on the various obligations of the State. The year, which is about to close, has brought with it favorable seasons, bouniful harvests, and abounding health; while the masses of the people, by hard toil and by suproved habits of industry, frugality, and

invaded some of the States contiguous to | present to show that these funds constitute | and all the worse because it will be negaour own, no ripple of lawless excitement | no part of the State debt. has disturbed any of the currents of busi-

ness or enterprise in Virginia. For deliverance in the past, for the opportunities of the present, and for the proto The Giver of every good.

RECEIPTS AND EXPENDITURES. The average annual receipts from taxation for the last eight fiscal years have been \$2,-401,726.19. The receipts from the same source for the fiscal year 1876-'7 were \$2,-505,387.17. Though above the average, this amount is less than the receipts for the next preceding year by \$173,952.47. The reducion is due to the difficulties which were encountered in changing from one system of liquor taxation to another-the taxes imposed upon consumption by the new law having been wholly suspended for a considerable period by the injunction of a Federal court, while the same law very greatly reduced the taxation of wholesale dealers. The loss to the revenue from these sources during the last fiscal year was not less than

The disbursements of the revenues from axation during the last fiscal year were as iollon's:

For ordinary and permanent expenses of the government.......\$ 967,393 42

For extraordinary or temporary expenses, required by special acts of Assembly, for purposes other than the current support of the government. 92,252 52

nent.
For public free schools\*
For interest on debt.
Balance applied to temporary loans
of the year 1875-76. 57,364 60

The fiscal year of the State and that of the Department of Public Instruction begin at different dates—hence an apparent discrepancy between sums reported by the Auditor of Public Accounts and the Superintendent of Public Instruction.

The ordinary expenses of the government for the last fiscal year were less than for any year since the Constitution took effect, and less by \$88,583.08 than the average annual expenses of the last eight years on the same account. It will be found that the criminal expenses, which are wholly beyoud the control of the Executive department, have continued to increase in an exraordinary manner; and, due allowance being made for that fact, it will be seen that the reduction of the other ordinary expenses of the government has been considerably greater than the foregoing statement

Of all the vagaries and extravagancies of the period we live in none exceed the mistinancial condition of Virginia. It is to be deplored that interests so complicated, sensitive, and sacred as those of State faith and credit should ever be bedraggled in the ephemeral excitements of personal and parisan politics. The principal sum of the debt, the arrears of interest thereon, and the annual deticiency in the treasury, have all been subjects of the wildest exaggeration; while the market value of the public bonds has been depreciated, and the popular mind has been discouraged by miscalculations as to the ability of the State to carry its debt, which are in the last degree erroneous, fanciful, and extravagant.

condition of the State and to present its enexactitude. The particulars are drawn assets and securities of the public credit from the only authentic sources, and they are verified by the only tests which can exclude the possibility of error.

The principal sum of the entire debt proper of the Commonwealth, as of the beginning of the present fiscal year, is.

The arrears of interest which have recrued since the funding bill took effect, and which constitute took effect, and which constitute to which have therein.

much non-interest-bearing onsequently the whole of the pub-lie debt, including principal and

the debt during the six years which have clapsed since the funding bill went into operation—

nual increase of the debt during the last six years, resulting solely from the accumulation of interest afrears, has been \$510,036.10

and no more. Fortunately, the State yet retains several interests in internal properties other than a determinate market value. If it be the pleasure of the General Assembly to provide for the sale of these interests at their present value, and if the proceeds of such sales be invested in the new funded bonds of the second class, they will suffice to retire \$1,900,000 of the existing debt, and thus the entire outstanding indebtedness of the State will be reduced to \$31,638.

But, in calculating the deficiency in the treasury for the future, let it be assumed that this measure of relief may not com-It is as clear as mathematical demonstration that, if the Legislature shall leave the general features of the present revenue system untouched, merely correcting patent defects in matters of detail, the current resources of the treasury will hereafter sufstanding debt. Even if our taxable values should not continue in the future to inslow but certain processes of reproduction and accretion; even if no retrenchment of the general expenses be made, and if the present revenue system be simply perfected and then allowed to go on without interruption, full interest will be paid to the creditors of every class. The recent constitutional amendment, which prescribes necessitate an average saving, in lative expenses alone, of one

biennial sessions of the Legislature, will dred thousand dollars annually. This single item of retrenchment reduces guaranteed by the new revenue measure The method now in force for taxing the is an experiment which its authors have not claimed to be free from defects, and although more time is required for giving it upon the obvious defects of the measure being corrected the Increased revenue to be derived from it cannot fall below a half million of dollars annually. This is no con-

jectural estimate. It is the result which is irresistibly proved by the actual working of the new system under many disadvantages. In my inaugural message to the General Assembly I expressed the opinion, which subsequent experience has strengthened and confirmed, that by properly rearranggovernment all the obligations of the State could be fully met and the existing rate of taxation at the same time reduced. Reserving that subject for another part of this paper, I take occasion now to congratulate you upon erty of local self-government. Its effect is oblige the State to abrogate it. Are these since gone on with increasing injury to the into the body politic, from which they draw the State, and there they become incurable the unanswerable fact that if no adverse action shall either increase the volume of extension shall either increase the volume of extension and entry of the state of the shall either increase the volume of extension and entry of the state to the shall either increase the volume of extension and entry of the state to the shall either increase the volume of extension and entry of the state to the shall either increase the volume of extension and entry of the state to the shall either increase the volume of extension and entry of the state to the shall either increase the volume of extension and entry of the state to the shall either increase the volume of extension and entry of the state to the shall either increase the volume of extension and entry of the state to the shall either increase the volume of extension and entry of the state and

The principal sum of the sinking fund, the existing debt, the sinking fund repre- funding bill irrepealable? sents nothing but so much debt as has or sinking other bonds of the State. Ex- such contracts made by one legislature stands in the way of such a disposition of the sinking-fund bonds. By the Constitution of 1851, a specified portion of the annual revenues was set apart, to be invested in a prescribed mode, for maintaining a permanent sinking fund. By the present Constitution no such requirements are imposed upon the government, but both the characbuted, and the methods to be employed for the maintenance of the sinking fund, are left to unlimited legislative discretion. It is submitted that if the present sinkingfund bonds be destroyed, and if provision be made for setting apart annually hereafter such specific sum as the treasury can reasonably afford, to be invested in obligations of the State or the United States, all this subject will be completely satisfied, The present fund is too large to be carried, according to the design of its founders,

respect to the real liabilities of the State. The literary fund, so far from constituting any part of the debt, is a capital sum composed of assets belonging absolutely to the State, the annual income of which, now amounting to \$83,907.64, is dedicated to the interests of education. The principal of the fund can never become demandable or is in the nature of a perpetual annuity goes to the support of the public schools by virtue of the same mandate of the Constitution which devotes one tifth of the propertytax to the same object; and the payments he fund itself were extinguished or covered

serves only to beget error and confusion in

It is not to be supposed that either crediters or others will bereafter seek to renew the idea, long since exploded, that Virginia Virginia, or for any part of it. Assuming ginias were jointly and severally bound for the whole of the original debt, nevertheless, by the express terms of the funding-bill part of "West Virginia's third" except by virtue of a settlement hereafter to be conwill incur that liability. Until the coming of one full third of this State, torn from its body, was created West Virginia. Of the debt previously contracted by the undivided State one third at the date of its dismemberment fairly devolved on West Virsignment. No principle of right or duty, no obligation of honor, requires Virginia to pay "West Virginia's third," or any part of it; and therefore such payment will never be undertaken by Virginia, nor

expected by any of the parties concerned. THE PROPOSED EFFORTS TO NULLIFY THE

FUNDING BILL. bill, yet the contract embodied in it and executed in pursuance of it is inviolable and irrepealable; that it is the bounden duty of all to stand to the decision of the highest State court affirming its validity, and that any further agitation for the purpose of in- contract, which it was competent to make, validating it is a wrong to the good name of Virginia and an injury to every interest of and had conveyed away more of the reve-

Holding these views, it is appropriate and just, and it is due to the truth of history, that I should vindicate the motives of those ized party of repudiation in Virginia. Ex- contract with its creditors has neither more Those who seek to invalidate the bill be- faith and revoke its contract, is to destroy lieve that it is in the nature of an act of the sanctity of all contracts, to put an end of self-preservation; that its device of taxand mortgaging to creditors for a period of thirty-four years a large proportion of the society. taxes, deprives the government of essential governmental functions and powers; exaggerated estimates of our taxable values, to engender resentments and animosities penses or diminish the supply of revenues, the interest on every class of debt will be paid, and the financial restoration of Virginia is already assured and virtually consumed at the funding bill itself. Many ginia is already assured and virtually consumer of the debt, are really defined as a separate nation, but one of many could obtain from the creditors now the same concessions which were tendered in the same concessions which were never obligations which perpetuate the common obligations which perpetuate the common the creditors now the same concessions which were never obligations which perpetuate the common obligations which perpetuate the common obligations which perpetuate the common that an attempt to end to call any of them recalls the fatal shrieks as a separate nation, but one of many being uproofed from the earth.

It must be remembered that Virginia is could obtain from the creditors now the being uproofed from the earth.

It may as well be taken for granted that country and bind the States together in a little any of them recalls the fatal shrieks as a separate nation, but one of many being the icate any of them recalls the fatal shrieks as a separate nation, but one of many being the icate any of them recalls the fatal shrieks as a separate nation, but one of many being the icate any of them recalls the fatal shrieks as placed any of them recalls the fatal shrieks as placed any of them recalls the fatal shrieks as placed any of them recalls the fatal shrieks as placed any of them recalls the fatal shrieks as placed any of them recalls the fatal shrieks.

tive, indirect, and insidious.

now amounting to \$5,125,271.90, is an ag- embarrassed of the fallacious objections gregation of bonds, formerly held by pub- with which its validity is assailed, and it is must go outside of the Union, and cease to lie creditors, which have been paid off, time that all controversy over the debt, so mises of the future, let our praises be lifted taken in, and deposited as property of the baneful to the peace and the progress of the is extra-constitutional and revolutionary, State, and as so much extinguished debt, in State, should now be finally settled and put and in order to justify it the supreme judiits own coffers. Instead of being a part of behind us. Why is the contract of the

In construing the provision of the Conceased to exist. It can only be increased stitution of the United States which forby further reductions of the outstanding bids a State to pass any law impairing the debt; so that the larger the sinking fund the less the State actually owes. It is no requirement of the Constitution, but the Federal, it has been held and decided that the necessity for resorting to it must be unjust for either party to seek concessions voluntary act of the Legislature, which has the prohibition applies as well to the con- clear and overwhelming; it must be such in any other than a spirit of conciliation or given to this fund its present onerous tracts of a State as to the contracts of cor- as to satisfy the sentiment of honor which amount, composition, and character, and porate or natural persons; that a State may pervades the moral and financial world; "it both. Any attempt at readjustment by the which has originated the policy of semi-an- by contract exempt property from taxation nually diverting from the treasury great forever; that a State may by contract make necessity which is not chosen but chooses, sums, equal to interest on the sinking fund, the certificates or evidences of its own debt to be expended in purchasing and retiring receivable in payment of its taxes; that perience proves that this mode of maintain- bind all succeeding legislatures; and that ing so large a sinking fund is an excessive such contracts are not only as inviolaburthen upon the treasury, especially duble as those between citizens compering a period of depression like the present; tent to contract, but they are incapable of and it is a question for serious considera- being abrogated, either in whole or in part, tion whether it is not wisest to cancel and by the utmost power of the State. It is destroy the bonds which compose the fund, true, that while the jurists who antagonize as the law-making power has unquestionable | the funding bill admit that the decisions of authority to do. No provision of the Con- the courts are as I have stated, yet they bestitution and no obligation of plighted faith lieve and insist that those decisions are wrong, and that the supreme law, which forbids a State to impair the obligation of contracts, was never intended to apply to the undertakings of a State. But those decisions are plainly and confessedly irreversible. I am dealing with stubborn facts as they are, and I shall pause for no speculative inquiry as to what might have been or the treasury would be covered by a sum ought to be. It is enough to know that the decisions cited inevitably and finally control | dollars, or of thirty cents on each inhabitan the question at hand.

tication of an act as conclusive proof of its ported, but conclusively contradicted by passage, and they cannot go behind it even to consider any allegation of fraud or corruption in the procurement of its passage. quire into the means or motives which proured the passage of a law, and could annul t as the result of such inquiry, then the indiciary would absorb the government, and the constitutional independence of the without injustice to other interests and injury to the creditors themselves. Remaindepartments would be broken down and ing in its present dormant condition, it of circumstances or from any conceivable reversal into effect, and even if the ultimate unavailing acts done by or on behalf of the be cognizable, and would have to be de-States, which, through a long line of decicomment upon the morality of resistance to

> and direct violation of the contract it con- that Virginia was conquered by arms, its the obligation of the contract, and would all the more decisively on account of its indirection.

But it is alleged by able jurists that any act of the government which destroys or that the funding bill alienates revenues ratified by almost the whole body of its the support of the government, and that than by her own voluntary act that Virginia | therefore, from the very necessity of the case, the bill is unconstitutional and void. Is this proposition true?

Assuming that the State cannot strip itself of such powers and resources as are indisginia. Equitably and justly one third of what portion of its revenues is necessary to the debt was set apart and assigned to West | the support of the government and what with full authority to contract in the prem-

nues, or most of them, for a period of thirty-four years. Could that identical denues than it could afford to spare? The statement of the question answers it. The parties to every contract stand in cocqual relation, and they are clothed with correlagovernment which can bind the State by

would be the virtual dissolution of civilized tract is in fact impeding and virtually stop- of the public debt. After deliberation that that its enactment was not merely a surprise plug the wheels of the government; that but an imposition upon the people; that it impairs its inalienable right of self-pre-exaggefated estimates of our taxable values. afterwards seconded by undue influences, to let it remain in force is to produce a case third of the interest on the debt for ten and essential to the welfare of the State, procured and precipitated its passage; and of political felo de se; that the State is con- years. The action of the conference was should at length regard office as at once a that for these and minor reasons the bill stitutionally bound to preserve its being, transmitted to the General Assembly with profession and a property, and should re- At present they so block up the asylums as ought to be judicially or otherwise annulled and the only means of preserving it is the the earnest recommendation that it should and avoided. The opposers of the bill are abrogation of that measure; and that, be carried into effect by appropriate legisla- a personal wrong to themselves. But what- sanity. The result is that persons of the galled and irritated by the withes and manatherefore, the supreme duty and supreme tion. But that recommendation, unfortules with which it fetters the traditional lib-law of self-preservation duty and supreme to mately, failed, and the debt agitation has increasing offices strike their roots so deeply ful surroundings and at great expense to

It must be remembered that Virginia who were first to revolt against the country and bind the States together in a them. But that necessity has passed away, no measure of retrenchment will ever be compulsion of the bill would be first general union. The State must act within The condition of the State has improved, is urged forward without being combatted at

which the organic law of the Union expressly voke such supposed authority Virginia cial tribunal of the Union would have to be called on to do what is plainly impossiblethat is, to reverse its consistent and traditional rulings upon the question involved. Even where an independent nation invokes must be the first and supreme necessity-a employment of coercion or menace would necessity paramount to deliberation, that admits no discussion and demands no evi- from the other the surrender or abatement dence," which alone could excuse an alternative so replete with anarchy and despera- would be taking the goods of another

Happily, it is demonstrable that no such necessity can arise in Virginia. If the debt nunicipal and local indebtedness, a comively to population and resources, the peoole of Virginia owe less than those of many of the States. It will be found that the rate all others. It will be found that the State taxes are little as compared with the direct and indirect taxes which Virginia pays to the National Government. Even if the new method of taxing liquors should yield no increase of revenue, still the deticiency in equal to a tax of ten cents on the hundred of the Commonwealth. The allegation that Moreover, it is well settled that the courts | the State cannot maintain its existence and are bound to accept the legislative authen- carry its debt is not only wholly unsup-

> the facts. The remaining objectors to the funding bill are those, before referred to, who assert that Virginia owes no debt. They argue that the State has been conquered by arms. and that the conqueror, having dismembered it and destroyed more than half of its taxable values, has become solely liable for

ts aute-bellum debt. We are taught, by the standard authoriin this connection that if from any change are at war, and one of them in battling for lecision affirming the validity of the fund- chance deals out to the proprietors on whom ng bill; even if the other departments of they happen to fall," and that no demand the government should join in carrying such lies against the State for losses which it thus occasions to its own citizens in the exertion power of the people in sovereign convention should unite in annulling or repealing er reason, that no reclamation lies against the bill, still all these would be obviously the invading or conquering enemy for the damages or losses he inflicts. State; for the main question would then The law of States and nations declares : " All are exposed to such damages. cided by the Sapreme Court of the United and woe to him on whom they fall. The members of a society may well encounter sions, has maintained the identical grounds such risk of property, since they encounter held by our Court of Appeals in the prem- a similar risk of life itself," Indemnificaunited to form a society." autonomy was not destroyed; the conqueror reinvested it with its original powers of raising revenues by taxation, and restored to it the very improvement and properties which represented the consideration of its debt. It must also be borne in mind that the State, in resuming these powers of self-government, take the last cent, without inquiring wherenewed its liability for the debt in the very

> in respect to the debt the State would now be estopped by its own record from assert ing such right. I have heretofore deemed it due to the truth of history to place on record a recital of Virginia's claims upon the equity of the United States-adding then what I now repeat-that the best way to get help from others is first to help ourselves; and that the cheapest and easiest, as well as the only means of getting rid of the debt, is to pay

ing the conference, and in conferring with adjust it by postponing so much of the accruing interest as exceeded the then disposable means of the State-thus providing for the payment of such reduced interest to be assailed and resisted by the potent for the time being as would correspond opposition interested against it. In every increase with our increasing population and the support of the government on the one should be paid in full ultimately, and intelligent, compact, and alert. Its more just as soon as the best ability of the active members are unitized and animated ment it was designed to secure every all classes of the creditors on the same foot- more directly elsewhere, and it moves with ing by paying the same interest to all, to establish relations of confidence and good- ing every effort to abolish the places or to lieve that it is in the nature of an act of State suicide; that it impairs the dignity and the sovereignty of the Commonwealth by taking from it the control of its revenues and stripping it of its just powers of self-preservation; that its device of taxreceivable coupons, alienating in advance establishment of a doctrine so monstrous consent and concurrence of the creditors.

tween capital and labor have shaken the in my former messages, to when former messages, to when former messages, to when fine in my former messages, the my former messages, the my former messages are my former messages. The my former messages are my former messages are my former messages and my former messages are my

his direct road to readjustment, the burthen of the debt will be diminished one third in a way consistent with the tradi tional reputation of Virginia.

But any relidjustment between the debtor and creditor conforms to the standard of financial honor which is assented to or acwithout an equal regard for the rights of defeat itself; but if either party to a contract could succeed by such agencies in wresting of any preexisting right or security he against his will by putting him in fear. I will not countenance the supposition

that any one could favor a readjustment inproper of each State be aggregated with its | tended to operate exclusively upon the seto reduce either the principal or interest They are augean accumulations which may thereof. Such a readjustment would direct itself to less than one third of the debt and to the weakest class of the creditors, consisting largely of widows and orphans in our own midst. Such a reädjustment would illustrate the spirit which shrinks from an encounter with the strong and tramples on the weak. Instead of so indefensible a policy, every consideration of justice and self-respect demands that we place this weaker class of creditors upon the footing of those who are most favored.

The broadest and highest considerations only must rule this whole question.

The credit of the State and the credit o the citizen are parts of one whole, and The government is but the reflex of the ters: The success of all good and great enterprises for the development and enrichment of the community depends, in a greater or less degree, upon credit, and ulimately upon public credit. No State has ever broken its faith except at the cost of banishing capital, prostrating enterprise sources of its revenue. The preservation of a healthy sentiment of State pride and honor is the bulwark of free institutions It is the cheapest defence of order, the surest means of staying vice and crime, and ple and the government. The loss of that sentiment brings with it the saddest of all But now that our future financial character is to be formed and established before the eyes of the world, it is upon a higher level than that of any merely domestic interest that Virginia must stand. It is true that the principal of the debt was borrowed and received in gold, or its equivalent, and that it was expended in improvements which today confer benefits commensurate with their from both sources are annual charges upon the treasury of the same character, and it is not enough to set aside the authority because "there would be no end of the party of the same character, and it is not enough to set aside the authority because "there would be no end of the party of the same character, and it is not enough to set aside the authority is the movement ought equally to be classed as current expenditures on account of education. But also necessary to get rid of the Supreme such thing was to be intended by those who for such losses is allowed at all, it proceeds But no matter what the origin, or consider ing debt, for if by a change of organic law findicial authority; but so far as its policy from the equity and voluntary bounty of ation, or history of the debt, no matter who is concerned, no lesson from the past is the sovereign, and not otherwise. It is true its present holders, it is enough for us to into the treasury, the rights of no bond- needed to inform us that the power of Vir- that if the autonomy of the conquered State know that Virginia, as now constituted, gave holder would thereby be impaired or af- ginia is not equal to the power of the United be destroyed, if it be deprived of the pow- her bonds and plighted her honor for its ers of taxation and self-government, and payment. No matter how onerous the obligation, yet justice, duty, right, and faith but even in that case the conquered people debt because it is right, as well because the repudiation of the least part of it would blight the historic virtue of the people and the inherited glory of the Commonwealth. I close my official labors in this connection with the noble words which John C

> will pay every dollar she owes, should it ther it was spent wisely or not. Should I Constitution which was then accepted and in this by possibility be mistaken-should she tarnish her unsullied honor and bring discredit on our common country by refusing to redeem her plighted faith, which afterwards, in pursuance of a new contract, delivered to the creditors new bonds for I hold to be impossible-deep as is my devotion to her, and mother as she is to me, I VARIOUS STATUTORY AND CONSTITUTIONAL RE-

the State. Even if a right of action had at any time existed against the United States FORMS BY WHICH THE TAXES MAY BE RE-

day of my induction into office until now, and the taxes at the same time reduced. In private business. Some who are most exsages, as well as in repeated special comhave strenuously insisted upon the adopeform-"a system which will go through every branch of the public service-a system, not formal or pretentious, but thocountry was distressing, and when the diffi-culty of meeting the deficiency in the treas-ury was greatest, the General Assembly, on ment down and conform it to the dwarfed rough, practical, rigorous, and inexorable, area and resources of the State." It is impossible any longer to misunderstand or to doubt the fact that the people of Virginia intend to enforce such a system. The conflict may be prolonged, but its issue is not doubtful. Nevertheless, let us fairly consider the obstacles to be overcome.

No matter what measure is proposed for the reduction of public expenses, it is sure such case a conflict, which is apt to be acrimonious, arises between those who pay for hand and those who live upon the government on the other. The official corps is by a common interest. It exerts potent political influence, either through the columns of a portion of the press or in caucuses or the power and celerity of an army in resistcurtail the emoluments upon which any of their number subsist. On the other hand, the opposing tax-payers are dispersed, and from necessity they strive with close concert. The relation between these contending and cooperation; and this, again, increasing with the number and dispersion of those life-long support, should become honestly sent every effort to curtail official service as to exclude cases of recent and curable intheir nourishment, that an attempt to erad- for want of skilled attention. The lunatic

continue such full payment shall be made in one sense insignificant and trifling. It as water-drops compose and there can be no retrenchment which does not look after the almost innumerable small payments which, added together, constitute the sum-total of expense. The greatest political philosopher yet produced by the English-speaking race taught and emphasized the truth that no statesmanship is sound which does not take care of the s mall economies of government. Moreover, the jects. The government has neither the legal nor moral right to draw from the tax-payer The ablest southern statesman of the last make are entitled to what they make against all the world except the government, and against it except to the extent of its legitimate and constitutional wants; and that for the government to take one cent more is. robberv."

But the facts are startling, which show

that the increased and unnecessary expenses lisguised by any sophistry or derision. regard for the purity or the efficiency of the government. Let the ordinary expenses for the last eight years be compared with the corresponding expenses before the bursements on account of free schools, and the public debt, and all extraordinary or temporary expenses, the remaining ordinary expenses for the current support of the government during the last eight years have averaged \$1,055,976.50 annually. During the ten year's ending with the year 1860 inclusively, the same ordinary expenses were \$588,236.37 annually. The area of the State was then more than a third larger, and its taxable values were almost the smaller and poorer State now expends every year upon the current support of its government \$467.740.13 more than was spent for precisely the same purpose before the war, when Virginia flourprosperity, and power. If the cost of governing the present comparatively small and impoverished State be brought down even to what the government of the larger and richer State cost before the war, the saving will more than cover any possible future deficiency in respect to the debt. If the cost of the government be made to bear the same relation to area, population, and resources that it did before the war, then the present annual revenues will suffice to pay full interest on the debt, support the government and the schools, and leave an annual surplus in the treasury of some hundreds of thousands of dollars besides. Let It be remembered, in this connection, that municipal and county expenses, the latter now including the salaries of county judges, vously and enormously increased since the war. When these facts are all considered. and when it is proposed to lop off the whole

I proceed to point out briefly some of the particular expenses which can and ought o be cut down:

The accounting business of the govern ment has run into needless enlargement and complication, and the capitol is overcrowdproving response which they cannot fail to command: "I pledge myself that my State and private business elsewhere, then it cannot be doubted that half the official force at the capitol would easily accomplish twice the amount of office-work now done. Even the Government of the United States, with all its alleged extravagance and all its vast means, is said to exact of its employés longer and more continuous daily labor than is required in like cases by this impoverished State. It other departments of business, far more laborious employment, which occupies them, daily, almost or quite double the number of hours now actually given to of many discouragements, I have, from the office-work at the capitol. The clerical business of the government ought to be done persistently urged that by the enforcement in the manner and at the cost fixed for corf proper reforms the debt could be carried responding work by the fair competitors of my inaugural and in all my annual mes- perienced and capable of advising in such matters affirm that if any commercial house munications to the General Assembly, I were to conduct an accounting business equal to that of the State at the same expense tion of a specified system of economy and incurred by the State the result would be vestigation will also disclose the fact that the perfect and symmetrical system of checks and balances which the founders of the government devised to guard the treasury has been marred by the interposition of official machinery which is not only neediess and expensive, but productive of confusion. But for this departure from the original system, it is my oninion that such a defalcation as that which occurred in 1873, and which appears to have gone on through many months until its discovery in January,

1874, would never have been possible. The task of rectifying and retrenching the official service of the government is one of great responsibility and difficulty, and it involves long and arduous labor. great deference I suggest that the legislative sessions are so crowded with multifarious and urgent matters; that legislators cannot spare the time required for such an undertaking. A special commission ought to be carefully created with authority to employ the best experts and practically to reorganize the departments at the capitol. Among other heavy burthens on the treasury which can at once be reduced are those imposed by the penitentiary and the lunatic

The crowded condition of the penitentiary and its consequent expensiveness are due to no increase of crime among the pcople, but to the fault of the law which ranks as felonies such offences as ought to be punished as misdemeanors, summarily and inexpensively. I commend to your attention the bill matured at the last session of the General Assembly which embodies a partial revision of the criminal code.

The lunatic asylums are encumbered with imbeciles, who are known to be incurable. tences or belong to families well able to take bly and humanely provided for either at their homes or in the public almshouses. treatment and cure of insanity, and they were never designed to be hospitals for in-

In this connection, I again call attention summated. In the foregoing statement I make no ac free in working out the material restoration of the State. The perfect peace and fraugulility everywhere and always presaling have been solely due to the laws the enoughtion will be state. The perfect of state and explain them.

Some of the State in the foregoing statement I make no ac free in honorable and voluntary efforts to pay the debt if the compulsion of the State must act within the powers which it has reserved and not the state. The perfect peace and fraugulility everywhere and always presaling have been solely due to the laws, biding virtue of the people; for in no instance has the employment of military for the people; for in a form of the state. The perfect peace and fraugulility everywhere and resonance or any rigorous exercise of the state and explain them.

FINDS WHICH ARE SOMETIMS ERRONSCOILS that of the sinking and literary funds, contained to make the employment of the surface of the state shall impact to the proposed that the States that no state shall impact to the supreme law shall invoke the means properly available for that purpose; if they fail short in any reasonable effort to meet all the obligations of the State.

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